

**LAWS OF BRUNEI**

**REVISED EDITION 1984**

**CHAPTER 84**

**CO-OPERATIVE SOCIETIES**

**ARRANGEMENT OF SECTIONS**

Section

**PART I**

**PRELIMINARY**

1. Short title
2. Interpretation

PART II

REGISTRATION

3. Appointment of Registrar
4. Societies which may be registered
5. Conditions of registration
6. Application for registration
7. Registration
8. Societies to be bodies corporate
9. Evidence of registration

PART III

DUTIES AND PRIVILEGES OF SOCIETIES

10. Amendment of the by-laws of a registered society
11. Address of society
12. Copy of Act, rules, by-laws etc., to be open to inspection
13. Disposal of produce to or through a registered society
14. Creation of charges in favour of registered societies
15. Charges and set-off in respect of shares or interests of members
16. Shares or interest not liable to attachment or sale
17. Transfer of interest on death of member
18. Deposits by or on behalf of minors
19. Register of members
20. Proof of entries in books of society

## PART IV

## RIGHTS AND LIABILITIES OF MEMBERS

21. Qualification for membership
22. Members not to exercise rights till due payment made
23. Restriction of membership in society
24. Votes of members
25. Contracts with society of members who are minors
26. No individual to hold more than one-fifth of share capital of any society
27. Restrictions on transfer or charge of share or interest
28. Liability of past member and estate of deceased for debts of society

## PART V

## PROPERTY AND FUNDS OF REGISTERED SOCIETIES

29. Loans made by a registered society
30. Deposits and loans received by a registered society
31. Restrictions on other transaction with non-members
32. Investment of funds
33. Disposal of profits

PART VI

AUDIT, INSPECTION AND INQUIRY

- 34. Audit
- 35. Power of Registrar to inspect societies' books, etc.
- 36. Inquiry and inspection

PART VII

DISSOLUTION

- 37. Dissolution
- 38. Cancellation of registration of a society due to lack of membership
- 39. Effect of cancellation of registration
- 40. Liquidation after cancellation of registration of society
- 41. Liquidator's powers
- 42. Power of Registrar to control liquidation
- 43. Enforcing an order
- 44. Limitation of the jurisdiction of the court
- 45. Closure of liquidation

PART VIII

SURCHARGE AND ATTACHMENT

- 46. Power of Registrar to surcharge officers etc., of a registered society
- 47. Appeal to the Minister

**PART IX**

**DISPUTES**

- 48. Settlement of disputes
- 49. Case stated on question of law

**PART X**

**RULES**

- 50. Rules

**PART XI**

**MISCELLANEOUS**

- 51. Recovery of sums due to Government
  - 52. Powers to exempt any society from requirements as to registration
  - 53. Power to exempt societies from Act
  - 54. Power to exempt from stamp duty and registration fees
  - 55. Prohibition of the use of word "Co-operative"
  - 56. Certain Acts not to apply
  - 57. Penalty for non-compliance with Act
-



## CO-OPERATIVE SOCIETIES ACT

An Act to make provision for the establishment of Co-operative Societies 3 of 1975

*Commencement: 1st July 1975* S. 92/75

## PART I

## PRELIMINARY

1. This Act may be cited as the Co-operative Societies Act. Short title

2. In this Act, unless the context otherwise requires — Interpretation

“bonus” means a share of the profits of a registered society divided among its members in proportion to the share business done with the society by them from which the profits of the society were derived;

“by-laws” means the registered by-laws made by a society in the exercise of any power conferred by this Act, and includes a registered amendment of the by-laws;

“committee” means the governing body of a registered society, admitted to membership of its affairs is entrusted;

“dividend” means a share of the profits of a registered society divided among its members in proportion to the volume of capital held by them;

“member” includes a person or registered society joining in the application for the registration of a

society, and a person or ship after registration in accordance with the by-laws;

“officer” includes a chairman, secretary, treasurer, member of committee, or other person empowered under the rules or by-laws to give directions in regard to the business of a registered society;

“registered society” means a co-operative society registered under this Act;

“Registrar” means the Registrar of Co-operative Societies appointed under section 3 of this Act and includes any person when exercising such powers of the Registrar as may be conferred upon him under that section;

“rules” means rules made under this Act.

## PART II

### REGISTRATION

Appointment  
of Registrar  
and Assistant  
Registrars

**3.** (1) His Majesty the Sultan and Yang Di-Pertuan shall appoint a fit and proper person to be Registrar of Co-operative Societies for Brunei and may appoint persons to assist such Registrar, and may, by general or special order published in the *Gazette*, confer on any such persons all or any of the powers of a Registrar under this Act.

(2) Any act or thing directed to be done by or to the Registrar may be done by or to any officer authorised by the Minister.

Societies  
which may be  
registered

**4.** (1) Subject to the provisions hereinafter contained, a society which has as its object the promotion of the economic interest of its members in accordance with co-operative principles, or a society established with the object of facilitating the operations of such a society, may be registered



under this Act with or without limited liability as the Registrar may decide:

Provided that the liability of a society which includes at least one registered society among its members shall be limited.

5. (1) No society, other than a society of which a member is a registered society, shall be registered under this Act, which does not consist of at least 10 persons, each of whom is qualified under section 21 for membership under this Act. Conditions of registration

(2) The word "Co-operative" or its vernacular equivalent shall form part of the name of every society registered under this Act.

(3) The word "limited" or its vernacular equivalent shall be the last word in the name of every society with limited liability registered under this Act.

(4) When for the purposes of this section any question arises as to age, residence, or occupation of land consisting the qualification of any persons, that question shall be decided by the Registrar, whose decision shall be final.

6. (1) For the purposes of registration an application shall be made to the Registrar. Application for registration

(2) The application shall be signed —

(a) in the case of a society of which no member is a registered society, by at least 10 persons qualified in accordance with the requirements of section 5 (1); and

(b) in the case of a society of which a member is a registered society, by a duly authorised person on behalf of every such registered society, and where all the members of the society are not

registered societies by 10 other members, or when there are less than 10 other members, by all of them.

(3) The application shall be accompanied by copies of the proposed by-laws of the society, and the persons by whom or on whose behalf such application is made shall furnish such information in regard to the society as the Registrar may require.

Registration

7. (1) If the Registrar is satisfied that a society has complied with the provisions of this Act and the rules, and that its proposed by-laws are not contrary to the Act or to the rules, he may, if he thinks fit, register the society and its by-laws. An appeal shall lie to the Minister against the refusal of the Registrar to register any society within one month from the date of such refusal.

(2) On application for registration the society shall pay such fees as may be prescribed by the rules.

Societies to  
be bodies  
corporate

8. The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal and with power to hold movable and immovable property, to enter into contracts to institute and defend suits and other legal proceedings, and to do all things necessary for the purpose of its constitution.

Evidence of  
registration

9. A certificate of registration signed by the Registrar shall be conclusive evidence that the society therein mentioned is duly registered, unless it is proved that the registration of the society has been cancelled.

## PART III

## DUTIES AND PRIVILEGES OF SOCIETIES

10. (1) Any registered society may, subject to this Act and the rules, amend its by-laws, including the by-law which declares the name of the society.

Amendment  
of the by-laws  
of a reg-  
istered socie-  
ty

(2) No amendment of the by-law of a registered society shall be valid until that amendment has been registered under this Act, for which purpose copies of the amendment shall be forwarded to the Registrar.

(3) If the Registrar is satisfied that any amendment of the by-laws is not contrary to this Act or to the rules, he may, if he thinks fit, register the amendment. An appeal shall lie to the Minister against the refusal of the Registrar to register any amendment of any by-law within one month from the date of such refusal.

(4) An amendment which changes the name of a society shall not affect any right or obligation of the society or any of its members or past members, and any legal proceedings pending may be continued by or against the society under its new name.

(5) When the Registrar registers an amendment of the by-laws of a registered society, he shall issue a copy of the amendment certified by him, which shall be conclusive evidence of the fact that the amendment has been duly registered.

(6) In this section, "amendment" includes the making of a new by-law and the variation or rescission of a by-law.

11. Every registered society shall have an address, registered in accordance with the rules, to which all notices and communications may be sent, and shall send to the Registrar notice of every change of that address.

Address of  
society

Copy of Act, rules, by-laws, etc., to be open to inspection

**12.** Every registered society shall keep a copy of this Act and of the rules and of its by-laws and a list of its members open to inspection, free of charge, at all reasonable times at the registered address of the society.

Disposal of produce to or through a registered society

**13.** (1) A registered society which has as one of its objects the disposal of any article produced or obtained by the work or industry of its members, whether the produce of agriculture, animal husbandry, forestry, fisheries, handicraft or otherwise, may provide in its by-laws or may otherwise contract with its members —

(a) that every such member who produces any such article shall dispose of the whole or any specified amount, proportion or description thereof to or through the society; and

(b) that any member who is proved or adjudged, in such manner as may be prescribed by the rules to be guilty of a breach of the by-laws or contract pay to the society as liquidated damages a sum ascertained or assessed in such manner as may be prescribed by the aforesaid rules or its by-laws.

(2) No contract entered into under the provision of this section shall be contested in any court on the ground only that it constitutes a contract in restraint of trade.

Creation of charges in favour of registered societies

**14.** Subject to any prior claim of the Government on the property of the debtor and to the lien or claim of a landlord in respect of rent or any money recoverable as rent and in the case of immovable property to any prior registered charge thereon —

(a) any debt or outstanding demand payable to a registered society by any member or past member shall be a first charge on all crops or other agricultural produce, felled timber or other forest produce, marine produce, fish (fresh-water and

salt-water), live-stock, fodder, agricultural, industrial and fishing implements, plant, machinery, boats, tackle and nets, raw materials, stock-in-trade and generally all produce of labour and things used in connection with production raised, purchased or produced in whole or in part from any loan whether in money or in goods given him by the society:

Provided that nothing herein contained shall affect the claim of any bona fide purchaser or transferee without notice;

(b) any outstanding demands or dues payable to a registered housing society by any member or past member in respect of rent, shares, loans or purchase money or any other rights payable to such society shall be a first charge upon his interest in the immovable property of the society.

**15.** A registered society shall have a charge upon the shares or interest in the capital and on the deposits of a member or past member or deceased member and upon any dividend, bonus or profits payable to a member or past member or to the estate of a deceased member in respect of any debt due to the society from such member or past member or estate and may set off any sum credited or payable to a member or estate of a deceased member in or towards payment of any such debt.

Charge and set-off in respect of shares or interests of members

**16.** Subject to the provisions of section 15, the share or interest of a member in the capital of a registered society shall not be liable to attachment or sale under any decree or order of a court in respect of any debt or liability incurred by such member, and neither his assignee in insolvency nor a receiver duly appointed shall be entitled to, or have any claim on, such share or interest.

Shares or interest not liable to attachment or sale

Transfer of  
interest on  
death of  
member

**17.** (1) On the death of a member, a registered society may transfer the share or interest of the deceased member to the person nominated in accordance with the rules made in this behalf, or if there is no person so nominated, to such persons as may appear to the committee to be the heir or legal representative of the deceased member, or may pay to such nominee, heir or legal representative, as the case may be, a sum representing the value of such member's share or interest, as ascertained in accordance with the rules or by-laws:

Provided that —

(a) in the case of a society with unlimited liability such nominee, heir or legal representative, as the case may be, may require payment by the society of the value of the share or interest of the deceased member ascertained as aforesaid;

(b) in the case of a society with limited liability, the society may transfer the share or interest of the deceased member to such nominee, heir or legal representative, as the case may be, being qualified in accordance with the rules and by-laws for membership of the society, or on his application within 6 months of the death of the deceased member to any person specified in the application who is so qualified.

(2) A registered society shall pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(3) All transfers and payments made by a registered society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

18. (1) A registered society may receive deposits from or for the benefit of minors and it shall be lawful for a registered society to pay such minors the interest which may become due on such deposits. Any deposits made by a minor may, together with the interest accrued thereon, be paid to that minor; and any deposit made on behalf of a minor may, together with the interest accrued thereon, be paid to the guardian of that minor for the use of the minor.

Deposits by  
or on behalf  
of minors

(2) The receipt of any minor or guardian for money paid to him under this section shall be sufficient discharge of the liability of the society in respect of that money.

19. (1) Any register or list of members kept by any registered society shall be *prima facie* evidence of any of the following particulars entered therein —

Register of  
members

(a) the date at which the name of any person was entered in such register or list as a member;

(b) the date at which any such person ceased to be a member.

20. (1) A copy of any entry in a book of a registered society regularly kept in the course of business shall, if certified in such a manner as may be prescribed by the rules, be received in any legal proceeding, civil or criminal, as *prima facie* evidence of the existence of such entry and shall be admitted as evidence of the matters, transactions and accounts therein recorded in every case where, and to the same extent as, the original entry itself is admissible.

Proof of en-  
tries in books  
of society

(2) No officer of any such society shall, in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under subsection (1) or to appear as a witness to prove any matters, transactions or accounts therein recorded, unless the court for special reasons so directs.

PART IV

RIGHTS AND LIABILITIES OF MEMBERS

Qualification  
for mem-  
bership

**21.** In order to be qualified for membership of a co-operative society a person, other than a registered society, must —

(a) have attained the age of 18 years; and

(b) be resident within or in occupation of land within the society's area of operation as described by the by-laws.

Members not  
to exercise  
rights till due  
payment  
made

**22.** No member of a registered society shall exercise rights of a member unless or until he has made such payment to the society in respect of membership or acquired such interest in the society, as may be prescribed by the rules or by-laws.

Restriction of  
membership  
in society

**23.** Except with the sanction of the Registrar, no person shall be member of more than one registered society whose primary object is to grant loans to its members.

Votes of  
members

**24.** Each member of a registered society shall have one vote only as a member, in the affairs of the registered society except that in case of an equality of votes the chairman shall have a casting vote in addition to his vote as a member:

Provided that a registered society which is a member of any other registered society shall have as many votes as may be prescribed by the by-laws of such other society, and may, subject to such by-laws, appoint any number of its members not exceeding the number of such votes, to exercise its voting power. No other proxies shall be allowed.



**25.** The minority or non-age of any person duly admitted as a member of any registered society shall not debar that person from executing any instrument or giving any acquittance necessary to be executed or given under this Act or the rules made thereunder, and shall not be a ground for invalidating or avoiding any contract entered into by any such person with the society; and any such contract entered into by any such person with the society, whether as principal or as surety, shall be enforceable at law or against such person notwithstanding his minority or non-age.

Contracts with society of members who are minors

**26.** No member, other than a registered society, shall hold more than one-fifth of the share capital of any co-operative society.

No individual to hold more than one-fifth of share capital of any society

**27.** (1) The transfer or charge of the share or interest of a member or past member or deceased member in the capital of a registered society shall be subject to such conditions as to maximum holdings as may be prescribed by this Act or by the rules.

Restrictions on transfer or charge of share or interest

(2) In the case of a society registered with unlimited liability, a member shall not transfer any share held by him or his interest in the capital of the society or any part thereof, unless —

(a) he has held such share or interest for not less than one year; and

(b) the transfer or charge is made to the society, or to a member of the society, or to a person whose application for membership has been accepted by the committee.

**28.** (1) The liability of a past member for the debts of a registered society as they existed on the date on which he ceased to be a member shall not continue for a period of more than two years reckoned from that date.

Liability of past member and estate of deceased for debts of society

(2) The estate of a deceased member shall not be liable for the debts of the society as they existed on the date of his decease for a period of more than two years reckoned from the date of his decease.

PART V

PROPERTY AND FUNDS OF REGISTERED SOCIETIES

Loans made by a registered society

**29.** (1) A registered society shall not, except as provided in section 32, make any loan to any person other than a member:

Provided that, with the consent of the Registrar, a registered society may make loans to another registered society.

(2) Except with the permission of the Registrar, a registered society shall not lend money on the security of any movable property other than produce or goods in which the society is authorised to deal.

(3) The Minister may, by general or special order prohibit or restrict the lending of money on a mortgage or charge of any description of immovable property by any registered society or class of registered societies.

Deposits and loans received by a registered society

**30.** A registered society shall receive deposits and loans from persons who are not members only to such extent and under such conditions as may be prescribed by the rules and by-laws.

Restriction on other transaction with non-members

**31.** Save as is provided in sections 29 and 30, the transactions of a registered society with persons other than members shall be subject to such prohibitions and restrictions as may be prescribed by the rules.

32. A registered society may invest or deposit its funds — Investment of funds

(a) with any bank or persons carrying on the business of banking approved for this purpose by the Registrar; or

(b) in any securities issued or guaranteed by the government; or

(c) with any other registered society approved for this purpose by the Registrar; or

(d) in any other mode approved by the Registrar.

33. (1) At least one-fourth of the net profits of every registered society, as ascertained by the audit prescribed by section 34, shall be carried to a fund called the reserve fund, which shall be employed as prescribed by the rules: Disposal of profits

Provided that the Registrar may at his discretion lower the percentage of contribution or exempt a society from the obligation to maintain a reserve fund.

(2) The remainder of such profits and any profits of past years available for distribution may be divided among members by way of dividend or bonus, or allocated to any funds constituted by the society to such extent or under such conditions as may be prescribed by the rules or by-laws:

Provided that, in the case of a society with unlimited liability, no distribution of profits shall be made without the general or special order of the Minister.

(3) Any registered society may, with the sanction of the Registrar, after one-fourth of the net profits in any year has been carried to a reserve fund, contribute an amount not exceeding 10 per cent of the remaining net profits to any charitable purposes or to a common-good fund.

PART VI

AUDIT, INSPECTION AND INQUIRY

Audit

**34.** (1) The Registrar shall audit or cause to be audited by some person authorised by him by general or special order in writing the accounts of every registered society once at least in every year.

(2) The audit under subsection (1) shall include an examination of overdue debts, if any, and a valuation of the assets and liabilities of the registered society.

(3) The Registrar and every other persons appointed to audit the accounts of a society shall have power when necessary —

(a) to summon at the time of his audit any officer, agent, servant or member of the society who he has reason to believe can give material information in regard to any transactions of the society or the management of its affairs; or

(b) to require the production of any book or document relating to the affairs of, or any cash or securities belonging to, the society by the officer, agent, servant or member in possession of such book, document, cash or securities.

Power of Registrar to inspect societies' books, etc.

**35.** The Registrar, or any person authorised by general or special order in writing by the Registrar shall at all times have access to all the books, accounts, papers and securities of a registered society, and shall be entitled to inspect the cash in hand; and every officer of the society shall furnish such information in regard to the transaction and working of the society as the person making such inspection may require.

36. (1) The Registrar may of his own motion, and shall on the application of a majority of the committee, or of not less than one-third of the members of a registered society, hold an inquiry or direct some person authorised by him by order in writing in this behalf to hold an inquiry into the constitution, working and financial condition of a registered society; and all officers and members of the society shall furnish such information in regard to the affairs of the society and produce the cash in hand and such books, accounts, papers and securities of the society as the Registrar or the person authorised by him may require.

Inquiry and  
inspection

(2) The Registrar shall, on the application of a creditor of the registered society, inspect or direct some person authorised by him in writing in this behalf to inspect the books of the society, if the applicant —

(a) proves that an ascertained sum of money is then due to him and that he has demanded payment thereof and has not received satisfaction within a reasonable time; and

(b) deposits with the Registrar such sum as security for the costs of the proposed inspection as the Registrar may require.

(3) The Registrar shall communicate the results of any such inspection to the creditor and to the society into whose affairs inquiry has been made.

(4) Where an inquiry is held under subsection (1), or an inspection is made under subsection (2), the Registrar may by a certificate under his hand make an award apportioning the costs or such part of the costs, as he may think right, between the registered society, the members demanding an inquiry, the officers or former officers of the society, and the creditor, if any, on whose application the inquiry was made.

(5) Any sum awarded by way of costs against any society or person under this section may be recovered on production of the certificate referred to in subsection (4) to a court having jurisdiction in the place where the registered office of the society is situated or the person resides or carries on business for the time being, in like manner as a fine imposed by the court.

## PART VII

### DISSOLUTION

Dissolution

**37.** (1) If the Registrar, after holding an inquiry or making an inspection under section 36 or on receipt of an application made by three-fourths of the members of a registered society, is of opinion that the society ought to be dissolved, he may make an order for the cancellation of the registration of the society.

(2) Any member of a registered society may, within 2 months from the date of an order under subsection (1), appeal from such order to the Minister.

(3) Where no appeal is presented within 2 months from the making of an order cancelling the registration of a society, the order shall take effect on the expiry of that period. Where an appeal is presented within 2 months, the order shall not take effect until it is confirmed by the Minister.

(4) Where the Registrar makes an order for the cancellation of the registration of a society under subsection (1), he may make such further order as he may think fit for the custody of the books and documents and the protection of the assets of the society until the order cancelling registration takes effect.

(5) No registered society shall be wound up save by an order of the Registrar.

**38.** The Registrar may, by order in writing, cancel the registration of any registered society other than a society which includes among its members one or more registered societies, if at any time it is proved to his satisfaction that the number of the members has been reduced to less than 10. Every such order shall take effect from the date thereof.

Cancellation of registration of a society due to lack of membership

**39.** Where the registration of a society is cancelled by an order under section 37 or under section 38 the society shall cease to exist as a corporate body from the date on which the order takes effect, hereinafter referred to as the date of dissolution:

Effect of cancellation of registration

Provided that any privileges conferred on the society by or under sections 14, 15, 16 and 17 shall be deemed to be vested in any liquidator appointed for that society by the Registrar.

**40.** Where the registration of a society is cancelled under section 37 or 38 the Registrar may appoint one or more persons to be, subject to his direction and control, the liquidator or liquidators of the society.

Liquidation after cancellation of registration of society

**41.** (1) A liquidator appointed under section 40 shall, subject to the guidance and control of the Registrar and to any limitations imposed by the Registrar by order under section 42 have power to —

Liquidator's powers

(a) determine from time to time the contributions to be made by members and past members or by the estates of deceased members of the society to its assets;

(b) appoint a day by proclamation or notice before which creditors whose claims are not already recorded in the books of the society shall state

their claims for admission or be excluded from any distribution made before they have proved them;

(c) decide any question of priority which arises between creditors and draw up a scheme for the payment of their dues;

(d) refer disputes to arbitration and institute and defend suits and other legal processings by and on behalf of the society by his name of office and to appear in court as a litigant in person on behalf of the society;

(e) empower any person to make collections and to grant valid receipts on his behalf;

(f) decide by what persons and in what proportions the cost of liquidation are to be borne;

(g) give such directions in regard to the collection and distribution of the assets of the society and the disposal of the books and documents of the society as may be necessary in the course of winding up the society;

(h) compromise any claim by or against the society provided the sanction of the Registrar has first been obtained;

(i) call such general meetings of members as may be necessary for the proper conduct of the liquidation;

(j) take possession of the books, documents and assets of the society;

(k) sell the property of the society;



(l) carry on the business of the society so far as may be necessary for winding it up beneficially:

Provided that nothing herein contained shall entitle the liquidator of a credit society to issue any loan; and

(m) arrange for the distribution of the assets of the society in a convenient manner when a scheme of distribution has been approved by the Registrar.

(2) A liquidator shall deposit the funds and other assets of a dissolved society which are collected by him or which come into his possession as liquidator in such a manner and in such a place as may from time to time be determined by the Registrar.

(3) A liquidator shall, every 3 months, submit to the Registrar a report stating the progress made in winding up the affairs of the society, and shall, on completion of the liquidation proceedings, submit a final report and make over to the Registrar all books, registers and accounts belonging to the society and all books and accounts relating to such proceedings kept by him.

(4) Any liquidator appointed under this Act shall insofar as such powers are necessary for carrying out the purposes of this section, have power to summon and enforce the attendance of parties and witnesses and to compel the production of documents by the same means and (so far as may be) in the same manner as is provided in the case of a court.

42. A liquidator shall exercise his powers subject to the control and revision of the Registrar, who may —

Power of  
Registrar  
to control  
liquidation

(a) rescind or vary any order made by a liquidator and make whatever new order is required;

- (b) remove a liquidator from office;
- (c) call for all books, documents and assets of the society;
- (d) by order in writing limit the powers of a liquidator under section 41;
- (e) require accounts to be rendered to him by the liquidator;
- (f) procure the auditing of the liquidator's accounts and authorise the distribution of the assets of the society;
- (g) make an order for the remuneration of the liquidator; or
- (h) refer any subject of dispute between a liquidator and any third party to arbitration if that party shall have consented in writing to be bound by the decision of the arbitrator.

Enforcing  
an order

**43.** (1) The decision of an arbitrator on any matter referred to him under section 42 shall be binding upon the parties, and shall be enforceable in like manner as an order made by the Registrar under that section.

(2) An order made by a liquidator or by the Registrar under section 41 or 42 shall be enforced by any court having jurisdiction over the place where the registered office of the society is situated in like manner as a decree of that court.

Limitation of  
the jurisdiction  
of the  
court

**44.** Save insofar herein before expressly provided, no civil court shall have any jurisdiction in respect of any matter concerned with the dissolution of a registered society under this Act, and no appeal shall lie to any civil court from any order of the liquidator.

45. (1) In the liquidation of a society whose registration has been cancelled, the funds, including the reserve fund, shall be applied first to the costs of liquidation, then to the discharge of the liabilities of the society, then to the payment of the share capital and then, provided the by-laws of the society permit, to the payment of a dividend at a rate not exceeding 10 per cent per annum for any period for which no disposal of profits was made.

Closure of  
liquidation

(2) When liquidation of a society has been closed and any creditor of that society has not claimed or received what is due to him under the scheme of distribution, notice of the closing of the liquidation shall be published in the *Gazette*; and, all claims against the funds of the society liquidated shall be proscribed when 2 years have elapsed from the date of publication of the *Gazette* notice.

(3) Any surplus remaining after the application of the funds to the purposes specified in subsection (1), including moneys remaining in respect of claims proscribed under subsection (2), shall be applied to such local object or objects of public utility as may be selected by a majority of the votes of the members of the society (as they existed at the date of the dissolution) assembled in a special meeting and approved of by the Registrar. If within 3 months of the dissolution of the society the members fail to make a selection which is approved by the Registrar, the latter shall place the said balance on deposit in some co-operative or other bank until a new co-operative society with a similar area of operation is registered, in which event it shall be credited to the reserve fund of such society.

(4) The interest accruing in respect of the balance in any bank in accordance with the provisions of subsection (3) may be applied by the Registrar for the furtherance of co-operative principles in such manner as the Minister may, from time to time, direct.

(5) When any balance placed on deposit in a bank in accordance with the provision of subsection (3) has remained on deposit for a period of 10 years such balance may after the expiration of such period be applied by the Registrar for such purposes specified in subsection (4) as the Minister may, from time to time, direct.

## PART VIII

## SURCHARGE AND ATTACHMENT

Power of Registrar to surcharge officers etc., of a registered society.

**46.** (1) Where, in the course of the winding-up of a registered society it appears that any person who has taken part in the organisation or management of such society or any past or present officer of the society has misapplied or retained or become liable or accountable for any money or property of such society or has been guilty of misfeasance or breach of trust in relation of such society, the registrar may, on the application of the liquidator or any creditor or contributory, examine into the conduct of such person and make an order requiring him to repay or restore the money or property or any part thereof with interest at such rate as the Registrar thinks just or to contribute such sum to the assets of such society by way of compensation in regard to the misapplication, retainer, dishonesty or breach of trust as the Registrar thinks just. Such order shall be enforced in the same manner as if the order had been a judgement of a court.

(2) This section shall apply notwithstanding that the act is one for which the offender may be criminally responsible.

Appeal to the Minister

**47.** Any person aggrieved by any order of the Registrar under section 46 may appeal to the Minister within 21 days from the date of the order and the decision of the Minister shall be final and conclusive.

## PART IX

## DISPUTES

**48.** (1) If any dispute touching the business of a registered society arises — Settlement of  
disputes

(a) among members, past members or persons claiming through members, past members and deceased members; or

(b) between a member, past member or person claiming through a member, past member or deceased member, and the society, its committee or any officer of the society; or

(c) between the society or its committee and any officer of the society; or

(d) between the society and any other registered society,

such disputes shall be referred to the Registrar for decision.

A claim by a registered society for any debt or demand due to it from a member, past member or the nominee, heir or legal representative of a deceased member, shall be deemed to be a dispute touching the business of the society within the meaning of this subsection.

(2) The Registrar may, on receipt of a reference under subsection (1) —

(a) decide the dispute himself; or

(b) refer it for disposal to an arbitrator or arbitrators.

(3) Any party aggrieved by the award of an arbitrator or arbitrators may appeal therefrom to the Registrar within such period and in such manner as may be prescribed.

(4) A decision of the Registrar under subsection (2) or on appeal under subsection (3) shall be final and shall not be called in question in any legal proceedings whatsoever.

(5) The award of the arbitrator or arbitrators under subsection (2) shall, if no appeal is preferred to the Registrar under subsection (3), or if any such appeal is abandoned or withdrawn, be final and shall not be called in question in any legal proceedings whatsoever and shall be enforced in the same manner as if the award had been a judgment of a court.

Case stated  
on question  
of law

**49.** Notwithstanding anything contained in the last foregoing section, the Registrar at any time when proceeding to a decision under this Act, or the Minister at any time when an appeal has been preferred to him against any decision of the Registrar under this Act, may refer any question of law arising out of such decision for the opinion of the High Court.

(2) Any judge, or judges of the High Court as the Chief Justice may direct, may consider and determine any question of law so referred, and the opinion given on such question shall be final and conclusive.

## PART X

### RULES

Rules

**50.** (1) The Minister may make all such rules as may be necessary for the purpose of carrying out or giving effect to the principles and provisions of this Act.

(2) In particular, and without prejudice to the generality of the power conferred by subsection (1), such rules may —

(a) prescribe the forms to be used and the conditions to be complied with in applying for the registration of a society and the procedure in the matter of such application;

(b) prescribe the conditions to be complied with by persons applying for admission or admitted as members, and provide for the election and admission of members from time to time, and the payments to be made and interest to be acquired before exercising rights of membership;

(c) subject to the provisions of section 26 of this Act, prescribe the maximum number of shares or portion of the capital of a registered society which may be held by a member;

(d) prescribe the extent to which a registered society may limit the number of its members;

(e) provide for the withdrawal and expulsion of members and for the payments, if any, to be made to members who withdrew or are expelled, and for the liabilities of past members;

(f) provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings;

(g) provide for the appointment, suspension and removal of the members of the committee and other officers, and for the procedure at meetings of the committee, and for the powers to be exercised and the duties to be performed by the committee and other officers;

(h) prescribe the matters in respect of which a society may or shall make by-laws and for the procedure to be followed in making, altering and rescinding by-laws, and the conditions to be satisfied prior to such making, alteration or rescission;

(i) regulate the manner in which funds may be raised by means of shares or debentures or otherwise;

(j) prescribe the conditions to be observed by a registered society applying for financial assistance from government;

(k) prescribe the payments to be made, the conditions to be complied with and the forms of the bonds, instruments or other documents to be executed, by the members applying for loans or cash credits, the period for which loans may be made or credits granted, and the maximum amount which may be lent and the maximum credit which may be allowed to individual members with or without the consent of the Registrar;

(l) provide for the mode in which the value of a deceased member's interest shall be ascertained and for the nomination of a person to whom such interest may be paid or transferred;

(m) provide for the mode in which the value of the interest of a member who has become of unsound mind and incapable of managing himself or his affairs shall be ascertained and for the nomination of any person to whom such interest may be paid or transferred;

(n) provide for the formation and the maintenance of reserve funds, and the objects to which such funds may be applied, and for the investment



of any funds under the control of any registered society;

(o) prescribe the conditions under which profits may be distributed to the members of a society with unlimited liability and maximum rate of dividend which may be paid by societies;

(p) prescribe the accounts and books to be kept by a registered society, and for the periodical publication of a balance sheet showing the assets and liabilities of a registered society;

(q) provide for the audit of the accounts of registered societies and for the charges, if any, to be made for such audit;

(r) prescribe the returns to be submitted by registered societies to the Registrar, and the persons by whom and the form in which the same are to be made;

(s) provide for the persons by whom, and the form in which, copies of entries in books of registered societies may be certified;

(t) provide for the formation and maintenance of a register of members, and, where the liability of members is limited by shares, of a register of shares;

(u) provide for the inspection of documents and registers at the Registrar's office and the fees to be paid therefor and for the issue of copies of such documents or registers;

(v) prescribe the manner in which any question as to the breach of any by-law or contract relating to the disposal of produce to or through a society,

may be determined, and the manner in which the liquidated damages for any such breach may be ascertained or assessed;

(w) prescribe the mode of appointing an arbitrator or arbitrators and the procedure to be followed in proceedings before the Registrar or such arbitrator or arbitrators;

(x) prescribe the procedure to be followed by a liquidator appointed under section 40 and the cases in which appeals shall lie from the orders of such liquidator;

(y) prescribe the forms to be used, the fees to be paid, the procedure to be observed and all other matters connected with or incidental to the presentation, hearing and disposal of appeals under this Act or the rules.

## PART XI

### MISCELLANEOUS

Recovery of  
sums due to  
Government

**51.** (1) All sums due from a registered society or from an officer or past member of a registered society as such to the Government may be recovered in the manner provided for the recovery of debts due to the government under the law for the time being in force.

(2) Sums due from a registered society to the Government and recoverable under subsection (1) may be recovered first, from the property of the society, secondly, in the case of a society of which the liability of the members is limited, from the members subject to the limit of their liability; and thirdly, in the case of other societies, from the members.

52. Notwithstanding anything contained in this Act His Majesty in Council may by special order in each case and subject to such conditions as he may impose, exempt any society from any of the requirements as to registration.

Powers to exempt any society from requirements as to registration

53. His Majesty in Council may by general or special order exempt any registered society or class of societies from any of the provisions of this Act, or may direct such provisions shall apply to any society or class of societies with effect from such date or with such modification as may be specified in the order.

Power to exempt societies from Act

54. (1) His Majesty in Council by notification in the *Gazette* may, in the case of any registered society or class of registered societies, reduce or remit —

Power to exempt from stamp duty and registration fees

(a) the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of a registered society, or by an officer or member, and relating to the business of such society, or any class of such instruments are respectively chargeable; or

(b) any fee payable under any laws relating to registration or licensing for the time being in force.

(2) A notification exempting any registered society from the fees referred to in paragraph (b) of subsection (1) may provide for the withdrawal of such exemption.

55. (1) No person other than a registered society shall trade or carry on business under any name or title which contains the word "Co-operative" without the consent of His Majesty in Council:

Prohibition of the use of the word "Co-operative"

Provided that nothing in this section shall apply to the use by any person or his successor in interest of any name or title under which he traded or carried on business at the commencement of this Act.

(2) Any person who contravenes the provisions of this section shall be guilty of an offence: Penalty, a fine of \$2,000 and, in the case of a continuing offence, to a further fine of \$100 for each day during which the offence continues.

Certain Acts  
Caps. 39, 66,  
35 and 128

**56.** The provisions of the Companies Act, the Societies Act, the Income Tax Act and the Trade Unions Act shall not apply to societies registered under this Act.

Penalty for  
non-  
compliance  
with Act

**57.** (1) Any —

(a) registered society or officer or member thereof wilfully neglecting or refusing to do any act or to furnish any information required for the purposes of this Act by the Registrar or other person duly authorised by him in that behalf; or

(b) person wilfully or without reasonable excuse disobeying any summons, requisition or lawful written order issued under the provisions of this Act, or failing to furnish any information lawfully required from him by a person authorised to do so under the provisions of this Act,

shall be guilty of an offence against this Act.

(2) Every offence referred to in subsection (1) shall be punishable by a fine of \$2,000 and in the case of a continuing offence, to a further fine of \$100 for each day during which the offence continues; and in the case of a second or subsequent offence it shall be punishable by a fine of \$8,000 and in the case of a continuing offence, to a further fine of \$200 for each day during which the offence continues.

**SUBSIDIARY LEGISLATION**

**Rules under section 50**

**CO-OPERATIVE SOCIETIES RULES**

S.120/75

Arrangement of Rules

Rule

1. Citation
2. Interpretation
3. Register of Societies
4. Entries to be Signed and alterations initialled by Registrar
5. Register open to inspection
6. Application for Registration
7. Copies of by-laws to accompany application for registration
8. Signature of applicant on behalf of registered society
9. Return of application for correction
10. Refusal to register
11. By-laws
12. Amendment of by-laws
13. Register of Members and Nominees
14. To keep accounts, books and publish balance sheets
15. Admission to membership
16. Withdrawal from society
17. Expulsion from society
18. Withdrawal from society holding deposit or loans from non-members
19. Nominee
20. Power to deal with property of insane members
21. General meeting
22. Summoning of general meeting by Registrar
23. Maximum liability

[Subsidiary]

24. Issue of bonds or debentures
25. Banking Account
26. Investments in lands and buildings
27. Audit fees
28. Division of profits
29. Election of Committee
30. Appointment of employees
31. Disposal of produce to or through a registered society
32. Application for loan
33. Proceeding with regard to loan at Committee meeting
34. Purposes for loans
35. Misapplication of loans
36. Documents to be completed before payments of loans
37. Security for loans
38. Extension of loans
39. Restrictions on loans to defaulters
40. Recovery of loans
41. Reserve fund
42. Bad Debts
43. Transfer of shares
44. Sale of shares of members in default
45. Dispute
46. Statements and returns
47. Copies of book entries
48. Appeals
49. Irregular resolutions of societies to be rescinded
50. Fees
51. Forms

SCHEDULES

---

July

[Subsidiary]

Commencement: 1st Jan 1975

1. These rules may be cited as the Co-operative Societies Rules. Citation
2. In these rules "the Act" means the Co-operative Societies Act. Interpretation
3. The Registrar shall keep or cause to be kept at his office a Register to be called "the Register of Co-operative Societies" wherein shall be entered particulars relating to the registration of societies and their by-laws. Register of Societies
4. (1) All original entries in the Register of Co-operative Societies shall be made by, or under the direction of, the Registrar and shall be signed by him. Entries to be Signed and alterations initialled by Registrar
- (2) Every alteration, interlineation or erasure in the Register of Co-operative Societies shall be initialled by the Registrar.
5. The Register of Co-operative Societies shall be open to inspection by the public at all reasonable times and free of charge. Register open to inspection
6. Every application for registration of a society shall be submitted to the Registrar in Form A. Application for Registration
7. (1) The application shall be accompanied by 3 copies of the proposed by-laws of the society and by the minutes of the meeting at which the members agreed to accept all the rights, duties and liabilities prescribed by the by-laws. The copies of the by-laws must be signed by the applicants for the registration and the minutes must be signed by at least 10 members of the society. Copies of by-laws to accompany application for registration
- (2) Where the Registrar decides to register the society, the society shall be registered in the Register of Co-operative Societies. One copy of the by-laws shall be retained in the Registrar's office and the other 2 shall be signed by the Registrar and returned to the society together with the certificate of registration and a copy of the Act and the rules free of charge.
8. In any case where an applicant is a registered society, the application for registration and the copies of the by-laws submitted therewith under these rules shall be signed on its behalf by the officer or officers who is or who are empowered by the by-laws of such society to sign documents on its behalf. Signature of applicant on behalf of registered society

LAWS OF BRUNEI

40

CAP. 84

*Co-operative Societies*

---

[Subsidiary]

Return of application for correction

9. If the application of the by-laws are not in conformity with the Act and the rules the Registrar may return them and direct any necessary alteration to be made in them.

Refusal to register

10. In every case where the Registrar refuses to register a society he shall record in writing his reasons for doing so and communicate his decision to the applicant.

By-laws

11. The by-laws of the proposed society shall contain in respect of such of the following matters as the circumstances in each case shall require, namely:

(a) the name and registered address of the society;

(b) the area of its operation;

(c) the objects for which the society is established and the purpose to which its funds may be applied;

(d) the qualifications required for membership and the terms for admission of members;

(e) the rights and liabilities of members;

(f) the manner in which the capital may be raised;

(g) the mode of appointment, suspension and removal of the Committee and officers, and the duties and powers of such Committee and officers;

(h) the mode of summoning and conducting meetings and the right of voting;

(i) the general conduct of the business of the society;

(j) the rates of interest at which the society may make loans to members;

(k) the disposal of profits; and

(l) the authorisation of an officer or officers to sign documents on behalf of the society.



[Subsidiary]

12. (1) After the registration of a society and its by-laws the society may amend the by-laws subject to the following provisions — Amendment  
of by-laws

(a) every such amendment shall be made only in accordance with a resolution passed by a majority at a general meeting of the society;

(b) not less than 15 days' notice shall be given of such general meeting; and

(c) not less than half of the members of the society shall be present at such meeting;

Provided that in the case of non-agricultural societies to which this provision may, by written order of the Registrar, be declared to apply, one quarter of the members or 100 members, whichever is less, present at the meeting shall be sufficient for the amendment of by-laws, but no by-laws shall be amended under the provision unless two-thirds of the members present vote in favour of the proposal.

(2) Three copies of such amendments to the by-laws and one copy of the resolution of the general meeting passing the amendments shall be submitted to the Registrar with an application for the registration of the amended by-laws; such application shall be signed by the Chairman and 2 members of the Committee and shall contain information as to —

(a) the date of the general meeting at which the amendments were passed;

(b) the number of days' notice given to convene the general meeting;

(c) the total number of members in the society at the date of such general meeting;

(d) the number of members present at the meeting;

(e) the number of members who voted in support of the amendments.

(3) If the Registrar approves the amendments he shall register them, retain one copy in his office and return the other 2 to the society duly certified by him.

LAWS OF BRUNEI

42

CAP. 84

*Co-operative Societies*

[Subsidiary]

Register of  
Members and  
Nominees

13. Every registered society shall keep a register to be called "the Register of Members and Nominees" wherein shall be entered —

(a) the name, address and occupation of each member;

(b) the date on which each member's name was entered in the register;

(c) the date on which any member ceased to be a member; and

(d) the nominee, if any, appointed under rule 19.

To keep  
accounts,  
books and  
publish ba-  
lance sheets

14. Every registered society shall keep such accounts and books as may from time to time be prescribed or approved by the Registrar, and shall publish balance sheets annually in such manner as the Registrar may prescribe.

Admission to  
membership

15. (1) The election and admission of members to a registered society, other than original members, shall be in such manner and on such conditions as the by-laws shall prescribe.

(2) An entrance fee of an amount to be prescribed in the by-laws shall be payable by every member.

(3) No person shall be admitted to membership of a registered society who does not satisfy the requirements of the Act or who is legally or mentally disabled or who is a bankrupt or against whom a conviction stands of an offence punishable with imprisonment or in the case of a registered society with unlimited liability, who is already a member of another registered society with unlimited liability.

(4) Any member who may at any time be found to be disqualified for any of the reasons mentioned in paragraph (3) shall be removed from the society but without prejudice to any liabilities of person under section 28 (1) of the Act.

(5) In case of doubt, the decision of the Registrar as to whether a person is, or is not, eligible for membership of a registered society shall be final.

(6) Every person before being admitted to the membership of a registered society shall sign a declaration that he will be bound by the existing by-laws of the society, and by any modification of, or addition to, such by-laws that may be legally effected during the period of his

[Subsidiary]

membership. A person who is already a member by reason of his having joined the application for the registration of the society shall be required, under pain of expulsion if he refuses, to sign such declaration within one month of registration.

16. Any member may withdraw from a registered society by giving written notice to the Secretary but such withdrawal shall be without prejudice to section 28 (1) of the Act.

Withdrawal  
from society

17. If a member acts in contravention of the rules or by-laws or acts in any way detrimental to the interests of the registered society such member may be expelled by a vote of two-thirds of the members present at a general meeting upon a charge communicated to him in writing by the committee not less than one week before the meeting. Such member shall be entitled to be heard in his own defence but shall not be entitled to vote on the motion; such expulsion shall, however, be without prejudice to section 28 (1) of the Act.

Expulsion  
from society

18. In the case of any registered society of limited liability holding deposits or loans from non-members, no member withdrawing, removed or expelled therefrom shall be entitled, unless the consent of the Registrar be first obtained, to repayment of any money paid by him towards the purchase of shares except on the dissolution of the registered society as provided in Part VII of the Act.

Withdrawal  
from society  
holding de-  
posit or loans  
from non-  
members

19. (1) Any member of a registered society may in writing in the presence of at least 2 witnesses attesting the same or by a declaration duly made, nominate any person or persons to whom his share or interest or the value of such share or interest and all other monies referred to in section 17 of the Act that may be due to him may, on the death of such member, be paid or transferred under the provision of the said section, and may in similar manner from time to time revoke or vary such nomination.

Nominee

In such cases the value of the member's share or interest shall be represented by the sum actually paid by the member to acquire such share or interest unless the by-laws provide for calculation thereof otherwise.

(2) In any case where more than one nominee is appointed by any member the number of shares to be transferred or the exact proportion of the amount available that is to be transferred to each of these nominees shall be specified at the time of the appointment.

[Subsidiary]

(3) Every appointment of nominees shall be recorded in the Register of Members and Nominees.

(4) The nominee may become a member of the society only if admitted in accordance with the by-laws.

(5) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or his guardian shall be sufficient discharge to the registered society.

Power to deal  
with property  
of insane  
members

20. Where a member or person claiming through a member of a registered society is insane, and no committee of his estate or trustee of his property has been duly appointed, the society may, when it is proved to the satisfaction of the Committee that it is just and expedient so to do, pay or transfer the share or interest of such member or the value of such share or interest or all other monies referred to in section 17 of the Act to any person whom they shall judge proper to receive the same on his behalf, whose receipt shall be a good discharge to the society for any sum so paid. In such cases the value of the member's share or interest shall be represented by the sum actually paid by the member to acquire such share or interest unless the by-laws provide for calculation thereof otherwise.

General  
meeting

21. (1) The supreme authority in a registered society shall be vested in the general meeting of members at which every member has a right to attend and vote on all questions. At least 7 days notice shall be given before any such general meeting is held. Subject to the provisions of section 24 of the Act, each member shall have one vote only which shall be exercised in person and not by proxy.

(2) A general meeting shall be convened in accordance with these rules and the by-laws of the society.

(3) Subject to rule 12 (1), when a registered society consists of not more than 40 members one-half of the members or 10 members, whichever is the less, shall form a quorum for the purpose of the annual or a special general meeting, and when a registered society consists of more than 40 members one-fourth of the total number of the members such society or 50 members shall form a quorum for the purposes of the annual or special general meeting. If within one hour after the time fixed for any meeting the members present are not sufficient to form a quorum the meeting shall be considered as dissolved if convened on the demand of members; in all other cases it shall stand adjourned to the same day in the next week at the same time and place and a notice to that effect shall be posted by the secretary within 24 hours, and if at the

[Subsidiary]

adjourned meeting a quorum is not present within one hour from the time appointed for the meeting the members present shall form a quorum.

22. (1) Notwithstanding anything contained in these rules or in the by-laws of a registered society as to the mode of summoning a general meeting, and the object, time and place of such meeting the Registrar or any person authorised by the Registrar may summon at any time a special general meeting of the society in such manner and at such time and place as he may direct, and may specify what matters shall be discussed by the meeting. Such meeting will have all the powers of and be subject to the same rules as a general meeting called according to these rules or the by-laws of the society.

Summoning  
of general  
meeting by  
Registrar

(2) A quorum for the purposes of any meeting summoned by the Registrar under paragraph (1) shall be the same as that prescribed by the by-laws of a society for an ordinary general meeting of such society:

Provided that if, at any such meeting, there are not sufficient members present to constitute a quorum, the Registrar may proceed to summon a further general meeting of the society in accordance with this rule, and at such further general meeting, any members present shall be deemed to form a quorum.

23. (1) Every registered society shall, from time to time, fix at a general meeting the maximum liability it may incur in loans or deposits whether from members or non-members.

Maximum  
liability

(2) The maximum so fixed shall be subject to the sanction of the Registrar, who may at any time reduce it. No registered society shall receive loans or deposits which will make its liability exceed the limit sanctioned by the Registrar.

24. The issue of bonds and debentures by a registered society shall be subject to such conditions as the Registrar may prescribe.

Issue of  
bonds or de-  
bentures

25. All monies in excess of the amount to be kept in hand as approved by the Committee shall be deposited in a bank. All cheques shall be signed by the Chairman or Treasurer and the Secretary or another member of the Committee approved by the Committee.

Banking  
Account

26. With the previous sanction of the Registrar, any society may invest its funds or a portion thereof in the purchase or leasing of land or in the construction of buildings or in such other manner as may be

Investments  
in lands and  
buildings

LAWS OF BRUNEI

46

CAP. 84

*Co-operative Societies*

---

[Subsidiary]

necessary for the conduct of its business and the welfare of the co-operative movement.

Audit fees 27. Every registered society shall be liable to pay such audit fees as the Registrar may prescribe.

Division of profits 28. (1) Unless otherwise authorised by the Minister under the proviso to section 33 (1) of the Act no dividend or payment on account of profits shall be made by a society registered with unlimited liability.

(2) No registered society shall pay a dividend if the rate of interest on loans granted by it to its members exceed 10 per cent per annum.

(3) No registered society shall pay a rate of dividend on shares exceeding 6 per cent per annum without the sanction of the Registrar.

(4) A bonus on wages or on the value of the products of a member, or a bonus or rebate on patronage calculated in proportion to the amount of the business done by each member with the registered society may be distributed periodically to the members from surplus funds after deduction of all expenditure and after making provision for bad and doubtful debts and making allocation to the reserve fund.

Election of Committee 29. (1) The Committee shall be elected at the annual general meeting of the registered society and shall hold office until the election of a new committee and they shall be eligible for re-election unless the by-laws of the society provide otherwise.

Election of officers (2) The Committee shall elect the Chairman, Secretary and Treasurer from amongst themselves immediately after the general meeting.

(3) A member of the committee shall not, except with the written permission of the Registrar, hold any office of profit in the society or receive any remuneration from the funds of the society.

(4) Where annual profits permit a member of the Committee may, with the approval in writing of the Registrar, be awarded an honorarium by a general meeting.

Appointment of employees 30. (1) The Committee may appoint the necessary employees for the conduct of the society's business and may suspend or terminate them.

[Subsidiary]

(2) The Committee shall have power to fix the duties and remuneration for such employees and may require them to provide security in such amount as considered reasonable or as directed by the Registrar.

(3) No appointment, suspension or termination of service made under paragraph (1) shall be valid and effective and no remuneration fixed under paragraph (2) shall be payable and recoverable unless approved in writing by the Registrar.

31. (1) Every member of a Marketing Society shall deliver to the society at such place as the committee shall direct such amount of articles produced or obtained by him as may be prescribed in the by-laws or in the relevant contract to be disposed of by the society.

Disposal of produce to or through a registered society

(2) Any member who is proved or adjudged in accordance with section 48 of the Act to be guilty of a breach of the by-laws or the relevant contract as the case may be shall pay to the society as liquidated damages such sum as may be specifically assessed or ascertained in manner prescribed by the by-laws or by the relevant contract, and such sum shall be deemed to be a debt due to the society.

32. Members who desire to obtain a loan shall submit an application to the committee stating the amount and the purpose for which the loan is required, the terms of repayment and the names of the proposed sureties or any other security which is offered.

Application for loan

33. (1) The Committee shall consider at a meeting every application for a loan and if the Committee is satisfied with the trustworthiness of the applicant, the sufficiency of the security offered and the prospects of advantages to the borrower, in the way of increased production or economy or otherwise, it may sanction the loan.

Proceeding with regard to loan at Committee meeting

(2) No person other than members of the Committee and the Registrar and his staff shall be present at any meeting of the Committee when an application for a loan is under consideration. A member of the Committee who applies for a loan or who is proposed as surety for a loan must withdraw while the relevant application is being considered. If there is a difference of opinion concerning the granting of a loan, the voting shall be taken by ballot. The proceedings with regard to loans at committee meetings shall be kept secret, and any member of the Committee or officer of the registered society infringing this rule shall be liable to immediate expulsion or dismissal.

34. (1) No loan shall be granted except for a purpose to be approved in each by the Committee.

Purposes for loans

LAWS OF BRUNEI

48

CAP. 84

*Co-operative Societies*

[Subsidiary]

(2) All loans granted shall be applied by the borrowing members to such purpose as the Committee has approved.

Misapplication of loans

35. Where the Committee is satisfied that a member of the registered society who has obtained a loan has applied the proceeds thereof to a purpose other than the purpose which is stated in the application under rule 32, the Committee may, by notice in writing to the debtor, demand payment of the loan before the agreed date of payment.

Documents to be completed before payment of loans

36. When a loan is sanctioned by the Committee, and before the amount is paid, the borrower and his sureties shall execute an instrument in writing setting out the terms of repayment of the loan and such other terms and conditions as the Committee may consider necessary.

Provided that the Registrar may direct in respect of all registered societies or any specified registered societies the form of instrument to be signed by a borrower and his sureties.

Security for loans

37. (1) Loans, when approved by the Committee, shall be granted to members who are able to obtain 2 sureties approved by the Committee or who can give other security to the satisfaction of the Committee.

(2) Save with the sanction of the Registrar or as otherwise provided in the Act or in the rules, a registered society shall not lend money on the security of moveable property.

(3) The shares of the registered society may not be hypothecated to that society by its members as security for a loan.

Extension of loans

38. If by reason of sickness or some other cause, a member finds that he will be unable to discharge his obligations to the registered society and notifies the Secretary in writing before a loan is due the Committee may, with the consent of the sureties, if any, extend the time fixed for payment on such conditions as it thinks fit.

Restrictions on loans to defaulters

39. Where a member is in default in the payment of a loan and does not satisfy the Committee that such default is due to good cause, such member shall not be entitled to receive another loan from the registered society.

Recovery of loans

40. Where a loan or an instalment of a loan has not been paid on the date on which it became due, and no extension for the payment thereof has been given to the borrower by the Committee under rule 38, the committee shall take steps for the recovery thereof by referring the matter to the Registrar as prescribed in section 48 of the Act.



[Subsidiary]

41. (1) The reserve fund of a registered society, created in pursuance of the provisions of section 33 (1) of the Act, may with the sanction of the Registrar —

Reserve fund

(a) be utilised in the business of the registered society; or

(b) be applied to meet occasional deficiencies incurred by the registered society.

(2) In sanctioning the utilisation or application of the reserve fund under paragraph (1), the Registrar may impose such terms and conditions as he may deem fit.

42. The Committee may, with the approval of the Registrar, cause bad debts to be written off the books of the registered society in such manner and at such times as the Registrar may deem fit.

Bad Debts

43. (1) Any share may be transferred with the approval of the Committee to any other member at the option of the transferor, but if it is desired to transfer a share to a person who is not a member, such person must first be approved as a member by the committee, or the general meeting according to the by-laws relating to the admission of members before the transfer can be registered; and if the by-laws require a member to hold more than one share, the transferee must acquire the number so required to be held before the transfer can be registered.

Transfer of shares

(2) No transfer of share shall be valid and effective unless and until such transfer has been registered by the Secretary on the direction of the Committee.

(3) No transfer of a share shall be registered if made by a member indebted to the registered society without special order of the Committee, and until the transfer of a share is registered no right shall be acquired against the registered society by the transferee, nor shall any claim of the registered society upon the transferor be affected thereby.

44. The Committee may in default of payment by any member indebted to the registered society to an amount not less than three-fourths of the sum paid up for the time being on any transferable share held by him, sell, transfer and register in the books of the registered society such share to any person entitled to hold the same under the rules or by-laws for the best price obtainable therefor, and apply the proceeds in or towards the discharge of the debt so due and of any expense incurred in or about the same, paying over the balance (if any) to the member, without being responsible for loss occasioned thereby, and the default-

Sale of shares of members in default

[Subsidiary]

ing member shall cease to have any further claim in respect of such share.

Dispute

45. (1) Reference of a dispute to the Registrar under subsection (1) of section 48 of the Act may be made by the Committee, or by the society by resolution in a general meeting or by any party to the dispute, or, if the dispute concerns a sum due from a member of the committee to the society, by any member of the society.

(2) Where, in pursuance of the provisions of paragraph (b) of subsection (2) of section 48 of the Act the Registrar decides to refer a dispute to arbitration, he may either —

(a) refer it to a single arbitrator appointed by himself; or

(b) refer it to 3 arbitrators of whom one shall be nominated by each of the parties to the dispute and the third shall be nominated by the Registrar, who shall appoint the Chairman. If any party to a dispute fails to nominate an arbitrator within 15 days the Registrar may himself make the nomination.

Proceedings  
same as be-  
fore court of  
law

(3) The proceedings before the arbitrator or arbitrators shall, as nearly as possible, be conducted in the same way as proceedings before a court of law.

(4) The Registrar or the arbitrator or arbitrators shall have power to administer oaths, to require the attendance of all parties concerned and witnesses, and to require the production of all books and documents relating to the matter of the dispute, by a summons delivered orally or sent by hand or by registered post to the party's last known address or served by the nearest court having jurisdiction in the area in which the society operates, and shall further have power to order the expenses of determining the dispute to be paid either out of the funds of the society or by such party or parties to the dispute as he may think fit.

(5) The arbitrator appointed by the Registrar or the arbitrators to whom the Registrar has referred a dispute shall record a brief note of the evidence of the parties and witnesses who attend, and upon the evidence so recorded, and after consideration of any documentary evidence produced by either side, a decision or award, as the case may be, shall be given in accordance with justice, equity and good conscience and shall be reduced in writing. In the absence of any party duly summoned to attend, the dispute may be decided against him in default. In

cases where 3 arbitrators are appointed, the opinion of the majority shall prevail.

(6) Any person duly summoned by the Registrar or arbitrator or arbitrators by summons served by a court to appear before him or them, or to produce any document and failing to do so, may be proceeded against in accordance with the provisions of the court of law.

(7) In any proceeding held under section 48 of the Act no party shall be represented by any legal practitioner except with the permission of the Registrar or the arbitrator or arbitrators, as the case may be.

46. Every society shall from time to time furnish the Registrar with such information and with such statements and returns as may be called for by him. Statements and returns

47. For the purpose of section 20 of the Act a copy of an entry in a book of a registered society may be certified by a declaration dated and subscribed by the Chairman and the Secretary of the society that it is a true copy of such entry, that such entry is contained in one of the ordinary books of the society and was made in the usual and ordinary course of business, and that such book is still in the custody of the society. Copies of book entries

48. Except as expressly provided in the Act, no appeal shall lie against any order of the Registrar passed in any matter dealt with in the Act or in the rules framed under the Act. Appeals

49. The Registrar may rescind any resolution or action of an officer of a Committee of a registered society or of a registered society which is, in his opinion, outside the objects and scope of the society as defined in the by-laws of the society, and may order the record of such resolution or act to be deleted from the records of the society. Irregular resolutions of societies to be rescinded

50. The fees specified in the First Schedule hereto shall be payable for the matters which they relate: Fees

Provided that the Minister may direct that any fee paid in respect of an appeal to the Minister shall be refunded.

51. (1) The forms in these rules referred to are the forms contained in the Second Schedule hereto. Forms

(2) The forms shall be used in all cases to which they are applicable and slight deviations from these forms, or necessary alterations

LAWS OF BRUNEI

52

CAP. 84

Co-operative Societies

[Subsidiary]

thereto not affecting the substance or calculated to mislead, shall not vitiate them.

(3) The Registrar may from time to time direct that additional forms shall be used in any particular case or matter.

FIRST SCHEDULE

(Rule 50)

Fee to be paid on lodgement of an appeal under sections 7, 10, 37 or 47 ..... \$25.00

SECOND SCHEDULE

FORM A

Co-operative Societies Rules

(Rule 6)

FORM OF APPLICATION FOR REGISTRATION OF A SOCIETY

UNDER THE CO-OPERATIVE SOCIETIES ACT CAP. 84

Under Section 6 of the Co-operative Societies Act we, the under- signed, apply that our society may be registered as a co-operative society with limited / unlimited liability under the style .....

Co-operative Society limited / unlimited the address to be registered being .....

We also submit the by-laws adopted at our first general meeting at which the society was formed, duly signed, for registration. A copy of the minutes of the first general meeting is attached.

**LIST OF APPLICANTS**

(Where members are individuals)

No.	Name in full	Age	Occupation	Place of residence	Signature
(To be signed by at least 10 persons)					

**LIST OF APPLICANTS**

(Where members are registered societies)

No. of Serial Society	Name of Society	Place of business of Society	No. and date of Certificate of Society	Name of authorised officer(s)	Signature

**FORM B**

**BRUNEI CO-OPERATIVE SOCIETIES ACT CAP. 84**

**CERTIFICATE OF REGISTRATION**

Certificate of Registration No. .... relating to application bearing number ..... and the year ..... in the District of .....

I hereby certify that the Society under the name of ..... and its by-laws have this day been duly registered by me in the Register of Co-operative Societies in pursuance of the provisions of the Co-operative Societies Act and the Co-operative Societies Rules.

Given under my hand at Bandar Seri Begawan this ..... day of ..... 19 .....

*Registrar of Co-operative Societies,  
Brunei Darussalam*

[Subsidiary]

FORM C

Name of Society .....

Address .....

Date .....

The Registrar of Co-operative Societies,  
Brunei Darussalam,  
Sir,

Application for Amendment of By-Laws

Under Section 10 of the Co-operative Societies Act and rule 12 of the Co-operative Societies rules, we, the undersigned members of the ..... apply that the amendment to the following by-laws may be registered.

2. We submit herewith 3 copies of the amendments together with a copy of the resolution of the General Meeting and the following for your information —

- a) Date of the General Meeting at which the amendments were passed .....
  - b) Number of days' notice given to convene the meeting .....
  - c) Total number of members at the date of the General Meeting .....
  - d) Total number of members present at the General Meeting .....
  - e) The number of members who voted in support of the amendment .....
- Chairman .....
- Committee member .....
- Committee member .....

Notification under section 54

S.38/76

His Majesty in Council has remitted in full the stamp duty with which, under any law for the time being in force, instruments executed by or on behalf of every registered co-operative society and relating to the business of such societies are chargeable.